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Message Text

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63
ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 RSC-01 CG-00 COA-01 DLOS-03

PM-03 H-01 L-02 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 TRSE-00 OMB-01 PCH-12 /076 R

DRAFTED BY EB/TT/MA:JPSTEINMETZ:EW
APPROVED BY EB/TT/MA:RKBANK
EB/TT -MR. WALDMANN
ARA/BC/C:MR. ISAACS
FMC: MRS. BENTLEY/MR.REESE
MARAD:MR. GAGE
CUSTOMS: MR. GABLE
COM/BIC:MR. ANTOUN
ARA/ECP:MR. OLSEN
ARA/APU:MR. FELDER(INFO)
ARA/BR - MR. WATSON (INFO)
ARA/EP:MR. CORRY
---------- 100064
P R 082346Z JAN 75
FM SECSTATE WASHDC
TO AMEMBASSY LIMA PRIORITY
AMEMBASSY SANTIAGO PRIORITY
AMEMBASSY BUENOS AIRES PRIORITY
AMEMBASSY BRASILIA PRIORITY
AMCONSUL RIO DE JANEIRO PRIORITY
INFO AMEMBASSY CARACAS
AMEMBASSY MONTEVIDEO BY POUCH
AMEMBASSY QUITO BY POUCH
AMEMBASSY BOGOTA BY POUCH
AMEMBASSY MEXICO BY POUCH
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E.O. 11652:N/A

TAGS: EWWT, XR

SUBJECT: SHIPPING: DELIVERY OF AIDE MEMOIRE ON DETRIMENTAL EFFECT OF MARITIME TREATIES ON PRUDENTIAL LINES SERVICE

SUMMARY: BY SEPTEL DEPARTMENT IS TRANSMITTING TEXT OF AIDE MEMOIRE FOR COMMENT BY ACTION ADDRESSEES AND THEREAFTER PRESENTATION TO RESPECTIVE MINISTRIES OF FOREIGN AFFAIRS BEFORE SCHEDULED VISIT TO YOUR HOST COUNTRIES BY PRUDENTIAL LINES OFFICIALS. THRUST OF NOTE IS TO SET FORTH USG CONCERN OVER ADVERSE EFFECT CERTAIN BILATERAL MARITIME TREATIES ARE HAVING ON PRUDENTIAL LINES' PACIFIC COAST-AROUND-SOUTH AMERICA SERVICE AND TO ELICIT HOST GOVERNMENTS' VIEWS RE POSSIBILITY OF FINDING MUTUALLY ACCEPTABLE SOLUTION. WITHOUT SOME ASSURANCES OR GUARANTEE OF ACCESS TO REGIONAL CARGOES, THE FUTURE OF THIS PRUDENTIAL SERVICE IS QUESTIONABLE AND MAY TRIGGER COUNTERVAILING MEASURES BY U.S.

1. THROUGH A SERIES OF BILATERAL MARITIME TREATIES, BEGINNING IN 1968 WITH THE BRAZIL/ARGENTINE AGREEMENT, THE ABC COUNTRIES AND PERU HAVE AGREED, INTER ALIA, TO RESERVE ALL GENERAL CARGOES IN THEIR RESPECTIVE TRADES FOR THEIR OWN NATIONAL FLAG CARRIERS. IN MOST INSTANCES, THE TREATIES

CONTAIN PROVISIONS ALLOWING ACCESS TO THESE RESERVED CARGOES BY SHIPPING LINES OF OTHER LAFTA MEMBER NATIONS GRANTING RECIPROCAL TREATMENT (INTERESTINGLY, FOR ALL INTENTS AND PURPOSES, THOSE TREATIES INVOLVING EITHER BRAZIL OR ARGENTINA ENABLE BOTH TO FULFILL MANY OBLIGATIONS OF THE 1966 LAFTA MARITIME AGREEMENT TO WHICH THEY ARE SIGNATORIES, BUT APPARENTLY TO WHICH THEY DO NOT PLAN TO BECOME CONTRACTING PARTIES BECAUSE OF CERTAIN NATIONAL MARITIME POLICY CONSIDERATIONS, E.G. BRAZILIAN BULK CARGOES). WITH THE GRADUAL ENFORCEMENT OF THE TREATIES' CARGO RESERVATION PROVISIONS AS "ELIGIBLE" CARRIERS INCREASE THEIR SHIPPING TONNAGE AND SERVICE, NON-LAFTA

CARRIERS SUCH AS PRUDENTIAL ARE BEING METHODICALLY SHUT OUT OF THE WAY-PORT TRADES BETWEEN THE FOUR COUNTRIES, E.G. THE BRAZIL-ARGENTINE TRADE HAS BEEN CLOSED COMPLETELY SINCE 1968.

2. POSTS SHOULD NOTE THAT THE TONE OF THE AIDE MEMOIRE IS LOW-KEY AND DOES NOT DIRECTLY RESORT TO THREAT OF INVOKING COUNTERVAILING MEASURES PROVIDED FOR UNDER U.S.

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SHIPPING LEGISLATION. THIS REFLECTS OUR DESIRE AT THIS TIME TO DETERMINE WHETHER, DESPITE THE ULTRA-NATIONALISTIC MARITIME POLICIES BEING PURSUED BY THE FOUR AND THEIR REGIONAL OVERTONES, THERE MIGHT BE SOME BASIS FOR REACHING AN ACCEPTABLE ACCOMMODATION TO PRUDENTIAL'S DILEMMA. NEVERTHELESS, IT SHOULD BE BORNE IN MIND THAT CERTAIN COUNTERVAILING ACTIONS MIGHT BE INVOKED BY THE U.S. CUSTOMS SERVICE UNDER LEGISLATIVE PROVISIONS TO COUNTER CROSS-TRADE DISCRIMINATION AGAINST U.S. FLAG CARRIERS. MOREOVER, SECTION 19, MERCHANT MARINE ACT OF 1920, MAY BE APPLIED ON THE BASIS THAT EXCLUSION OF U.S. FLAG LINES FROM ACCESS TO CROSS-TRADE CARGOES IS "DETRI-MENTAL TO THE FOREIGN COMMERCE OF THE U.S." WITHIN THE MEANING OF THAT SECTION (SEE STATE 243654 AND A-8430 FOR RECENT BACKGROUND ON SECTION 19). SERIOUS FUTURE CON-SIDERATION OF THE FOREGOING POSSIBILITIES CAN BE EXPECTED IN THE EVENT AN UNFAVORABLE RESPONSE TO THE NOTE IS RECEIVED FROM THE FOUR GOVERNMENTS CONCERNED.

3. MESSRS. ALBERT WENZELL AND FREDERICK WATERHOUSE OF PRUDENTIAL'S PACIFIC DIVISION, EXPECT TO VISIT ACTION ADDRESSEES BEGINNING WITH LIMA (JANUARY 16-18) FOLLOWED BY SANTIAGO (JANUARY 19-25), BUENOS AIRES (JANUARY 26-27), RIO (JANUARY 29-FEBRUARY 2) AND BRASILIA (FEBRUARY 3 & 4) TO DISCUSS CARGO PROBLEM WITH LOCAL AUTHORITIES AND U.S. FOREIGN SERVICE REPS (APPOINTMENTS BEING MADE BY LOCAL AGENTS). DEPARTMENT HOPES EMBASSY REPRESENTATION WITH DELIVERY OF AIDE MEMOIRE CAN BE ACC
MPLISHED AT EACH POST
SEVERAL DAYS PRIOR TO WENZELL'S ARRIVAL. POSTS ARE

REQUESTED TO TRANSMIT THEIR COMMENTS AND VIEWS ON AIDE MEMOIRE AND PROBLEM ASAP, WITH IMMEDIATE ACTION
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REQUESTED OF LIMA AND SANTIAGO.

4. DURING DELIVERY OF NOTE, EMBASSIES' REPS REQUESTED TO MAKE ORAL PRESENTATION DRAWING ON AIDE MEMOIRE. ADDITIONALLY, EMPHASIS SHOULD BE PLACED ON THE FOLLOW-ING: PRUDENTIAL'S AROUND-THE-CONTINENT OPERATION PRO-VIDES REGULARLY-SCHEDULED CARGO AND PASSENGER (TOURISM IMPLICATION) SERVICE BETWEEN THE WEST COASTS OF CANADA, THE U.S. & MEXICO AND PANAMA (BOTH COASTS), COLOMBIA (BOTH COASTS), CURACAO, VENEZUELA, BRAZIL, ARGENTINA, CHILE AND PERU. THE IMPLEMENTATION AND ENFORCEMENT OF THE CARGO RESERVATION PROVISIONS OF THE MARITIME TREAT-IES BETWEEN THE FOUR COUNTRIES ARE PLACING THIS SERVICE IN JEOPARDY TO THE DETRIMENT OF ALL CONCERNED AND SERVED. THE FUTURE OF THIS PARTICULAR OPERATION IS OF THE UTMOST

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INTEREST TO THE USG BECAUSE OF THE NEGATIVE IMPLICATIONS
ITS DEMISE WOULD HAVE FOR OUR FOREIGN TRADE. THE USG
HOPES AN APPRECIATION OF U.S. CONCERN BY THE RESPECTIVE
HOST GOVERNMENTS WILL PAVE THE WAY FOR A FAVORABLE RESOLU-
TION OF THIS PROBLEM.

5. DEPARTMENT RECOGNIZES THIS TYPE OF SHIPPING PROBLEM
IS NOT CONFINED SOLELY TO THE FOUR LATIN AMERICAN COUN-
TRIES ENUMERATED ABOVE. SIMILAR DIFFICULTIES CAN BE
EXPECTED IN THE FUTURE AS A RESULT OF THE BRAZIL/MEXICO
MARITIME AGREEMENT AND THE LAFTA MARITIME (WATER TRANS-
PORT) AGREEMENT OF 1966 (ENTERED INTO FORCE IN 1974) TO
WHICH MEXICO, COLOMBIA, ECUADOR, CHILE AND PARAGUAY ARE
PARTIES AT PRESENT. HOWEVER, AT THIS TIME, WE BELIEVE IT
PREFERABLE TO CONCENTRATE EFFORTS ON THOSE COUNTRIES
WHICH ARE EFFECTIVELY IMPLEMENTING AND ENFORCING THEIR
MARITIME TREATY OBLIGATIONS TO THE GROWING DETRIMENT OF
OUR TRADE AND TRANSPORTATION INTERESTS. WE ARE NOT
SANGUINE RE ANY FORTHCOMING POSITIVE RESPONSES OR QUICK
RESOLUTION OF THIS PROBLEM CONSIDERING PAST U.S. FLAG
LINE DIFFICULTIES WITH VARIOUS LATIN AMERICAN COUNTRIES'
OVERLY-RESTRICTIVE MARITIME POLICIES. WE REALIZE, MORE-
OVER, THAT THIS PRUDENTIAL SERVICE ENJOYS A COMPETITIVE
ADVANTAGE BY REASON OF IMMEDIATE ACCESS TO BERTHS BECAUSE
ITS VESSELS CARRY PASSENGERS AND THE VESSELS' CONTAINER
CAPABILITIES WHICH ARE ATTRACTIVE FOR HIGH-RATE WAY-PORT
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CARGOES. CONCEIVABLY, HOWEVER, ANY ACCEPTABLE UNDER-
STANDING THAT MIGHT EVENTUALLY BE WORKED OUT COULD SERVE
AS A PRECEDENT FOR HANDLING SIMILAR PROBLEMS WITH OTHER
LATIN AMERICAN COUNTRIES. KISSINGER

NOTE BY OCT: POUCHED MONTEVIDEO,QUITO,BOGOTA,MEXICO,PANAMA,AND
ASUNCION.

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Draft Date: 08 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
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Disposition Reason:
Disposition Remarks:
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TAGS: EWWT, XM, US, PRUDENTIAL LINES, LAFTA, (WENZELL, ALBERT), (WATERHOUSE, FREDERICK)
To: LIMA MULTIPLE
Type: TE
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